

WEINER, MCCAFFREY, BRODSKY & KAPLAN, P.C.

ATTORNEYS AT LAW

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WASHINGTON, D.C. 20005-4797

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C. A. AVRAKOTOS\*  
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STEPHEN D. NILES\*  
KEVIN M. SHEYS  
JEFFREY A. SOULE\*

\*NOT ADMITTED IN D.C.  
\*\*ADMITTED IN MD.

INTERSTATE COMMERCE COMMISSION

TELECOPIER (202) 628-8000

RICHARD J. MELNICK\*\*  
PATRICIA L. PAYNE  
OF COUNSEL

MARYLAND OFFICE

SUITE 905  
ARTERY PLAZA  
7200 WISCONSIN AVENUE  
BETHESDA, MD 20814-4804  
(301) 986-0886

8-348A052 December 12, 1988

No.

Date

Fee \$

ICC Washington, D.C.

HAND DELIVERED - DOCUMENTS FOR RECORDATION

Ms. Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
12th Street & Constitution Avenue, N.W.  
Room 2215  
Washington, D.C. 20423

Dear Ms. McGee:

Enclosed please find an original and one counterpart original of the Security Agreement between Montana Rail Link, Inc. and Bank of America National Trust and Savings Association, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This Security Agreement is a Primary Document. No cross-indexing is requested. The Security Agreement covers, inter alia, locomotives and other rolling stock, which are described in Schedules I through IV of the Security Agreement.

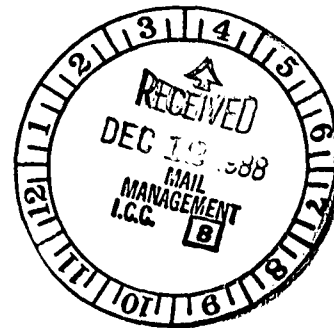
The status, name and address of each party to the above referenced Security Agreement are as follows:

Secured Party:

Bank of America National Trust  
and Savings Association  
Atlanta Corporate Office  
2303 Peachtree Street, N.W.  
Suite 1700  
Atlanta, GA 30303

Debtor:

Montana Rail Link, Inc.  
201 International Way  
Missoula, MT 59802



Dec 13 11 51 AM '88

*C. Weiner*  
*H. Kaplan*

Ms. Noreta R. McGee

-2-

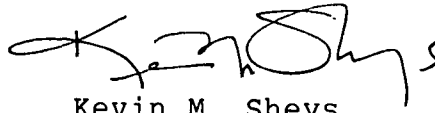
December 12, 1988

A short summary of the document to be entered in to the index follows:

A Security Agreement, dated as of October 30, 1987, by and between Bank of America National Trust and Savings Association (secured party) and Montana Rail Link, Inc. (debtor). Schedules I through IV list the maintenance-of-way equipment, real property, rolling stock, and situs of such collateral, respectively.

A check in the amount of \$13.00 is enclosed for recordation fees. After recordation, please return the original Security Agreements to me at the address at the top of the first page of this letter.

Respectively Submitted,

A handwritten signature in black ink, appearing to read "K. M. Sheys", with a stylized flourish at the end.

Kevin M. Sheys

Attorney for  
Montana Rail Link, Inc.

Enclosure

RLM/cab/0669P/7985

# Interstate Commerce Commission

Washington, D.C. 20423

12/13/88

OFFICE OF THE SECRETARY

Kevin M. Sheys

Weiner, McCaffrey Brodsky & Kaplan P.C.

1350 New York Avenue N.W. Suite 800

Washington, D.C. 20005-4797

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/13/88 at 11:05am, and assigned recordation number(s). 16065

Sincerely yours,

*Narita L. McLee*

Secretary

Enclosure(s)

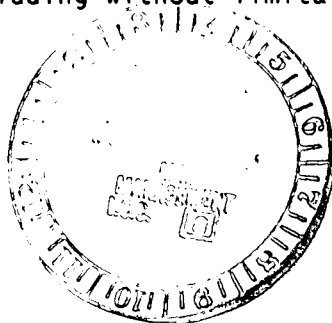
SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION  
DEC 13 1988 11:05 AM  
RECORDATION NO. 6065 Filed 1425

THIS SECURITY AGREEMENT is entered into as of October 30, 1987, by and between MONTANA RAIL LINK, INC., a Montana corporation (the "Debtor"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association (the "Secured Party").

**SECTION 1. Grant of Security Interest.** The Debtor hereby assigns and grants to the Secured Party a continuing security interest in and lien on all properties, assets, and rights of the Debtor of every kind and nature, wherever located, now owned or hereafter acquired or arising, all proceeds, products and replacements thereof, and all increases and accessions thereto, including without limiting the generality of the foregoing all personal property, goods, accounts, including all accounts receivable, any liquidity reserve in cash on deposit with the Secured Party pursuant to Section 2.08(b) of the Credit Agreement (as defined below), any investments permitted by Section 6.07 of the Credit Agreement, all contract rights, including without limitation all fiber optic cable rights, all rights of the Debtor under the Agreement dated as of July 21, 1987 (the "Asset Purchase Agreement"), the Interchange Agreement, two Trackage Rights Agreements, the Agreement on Divisions and Rates, the Run-Through Agreement, the Reciprocal Locomotive and Caboose Run-Through Agreement, the Car Hire and Car Accounting Agreement, the Car Repair Agreement and the Administrative Agreement, each dated as of July 21, 1987 between the Debtor and Burlington Northern Railroad Company, all rights of the Debtor under any and all agreements with other operating railroads pursuant to which rights of passage over tracks are granted during periods of emergency and disasters, rights to the payment of money, including tax refund claims, insurance proceeds, and tort claims, chattel paper, documents, instruments, general intangibles, securities, patents, trademarks, tradenames, copyrights, engineering drawings, service marks, books and records, furniture, fixtures, rolling stock, including but not limited to, locomotives, cabooses, bulkhead flat cars, boxcars, open top hopper cars, woodrack cars, covered hopper cars, rail, ties and capital improvements thereon, equipment, maintenance of way equipment, inventory and all other capital assets, raw materials, work in progress, and real property and interests in and rights in, on, or over real property, including railbeds, yards, and maintenance areas (all such properties, assets, and rights hereinafter collectively referred to as the "Collateral"). Certain of the Debtor's maintenance of way equipment is more particularly described on Schedule I attached hereto.

**SECTION 2. Obligations Secured.** The Collateral hereunder constitutes and will constitute continuing security for all the obligations of the Debtor to the Secured Party now existing or hereafter arising, direct or indirect, absolute or contingent, due or to become due, matured or unmatured, liquidated or unliquidated, otherwise secured or not, arising by contract, operation of law, or otherwise, including without limitation all obligations now existing



or hereafter arising under the Credit Agreement dated as of October 30, 1987, by and between the Debtor and the Secured Party (the "Credit Agreement"), under the revolving credit note and the term note (each a "Note" and collectively the "Notes") executed and delivered by the Debtor, in each case as such Note is originally executed on the date hereof or as modified, amended, supplemented, renewed, or extended, any money that the Secured Party may advance to or spend on behalf of the Debtor, any indebtedness or obligation to the Secured Party that the Debtor may incur after this Security Agreement is made, any interest that the Debtor has agreed to pay to the Secured Party under either Note or Notes or this Security Agreement, any costs or expenses of collection, litigation, repossession, storage, or repair, and any attorneys' fees (including the allocated cost of staff counsel) that the Secured Party may incur in connection with either Note or the Notes or this Security Agreement, any defined credit exposure created by an Interest Expense Hedging Arrangement (as defined in the Credit Agreement) with the Secured Party (as provided in Section 5.12 of the Credit Agreement), and all obligations of the Debtor to the Secured Party arising out of any extension, refinancing, or refunding of any of the foregoing obligations (all such obligations hereinafter collectively referred to as the "Obligations").

SECTION 3. Application of Proceeds of Collateral. Upon any realization upon the Collateral by the Secured Party, or any agent or representative of the Secured Party, whether by receipt of insurance proceeds pursuant to Section 4(f) or upon foreclosure and sale of all or part of the Collateral pursuant to Section 8 or otherwise, the Debtor and the Secured Party agree that the proceeds thereof shall be applied as follows: (i) first, to the payment of expenses incurred by the Secured Party with respect to maintenance and protection of the Collateral pursuant to Section 4 and of expenses incurred pursuant to Section 12 with respect to the sale of or realization upon any of the Collateral or the perfection, enforcement, or protection of the rights of the Secured Party (including reasonable attorneys' fees and expenses of every kind, including without limitation the allocated cost of staff counsel); (ii) second, to all amounts of interest, expenses, and fees then due to the Secured Party under the Credit Agreement, the Notes, or this Security Agreement; and (iii) third, to the principal balance owed to the Secured Party under the Notes. Any excess, after payment in full of all of the Obligations, shall be returned to the Debtor.

#### SECTION 4. Representations and Covenants of the Debtor.

(a) Real Property. The Debtor represents to the Secured Party that the real property listed on Schedule II hereto constitutes all of the real property that the Debtor owns or leases. The Debtor agrees to notify the Secured Party of any other real property that the Debtor may hereafter acquire or lease. The Debtor agrees that it will execute and deliver to the Secured Party mortgages and other instruments, as referred to in paragraph (h) below of this Section 4, and file the same in the appropriate recording offices with respect to the real property listed on Schedule II hereto and at such times as any mortgagable right, title, or interest is acquired in the future by the Debtor in any other real

property.

(b) Personal Property; Rolling Stock. (i) The Debtor represents to the Secured Party that the rail, ties, switches, frogs, turnouts and other equipment listed on the Bill of Sale delivered under the Asset Purchase Agreement constitute personal property as contemplated by the parties to the Asset Purchase Agreement. (ii) The Debtor represents to the Secured Party that the Rolling Stock (as defined in this Section 4(b)) listed on Schedule III hereto constitutes all of the Rolling Stock that the Debtor owns or leases. The Debtor agrees not to change any markings or serial numbers on any of the Rolling Stock listed on Schedule III until after the Debtor has given notice in writing to the Secured Party of its intention to make such change. The Debtor agrees to notify the Secured Party of any other Rolling Stock that the Debtor may hereafter acquire or lease. The Debtor agrees that it will execute and deliver to the Secured Party supplemental security agreements and other instruments, as referred to in paragraph (h) below of this Section 4, and file the same in the appropriate recording offices (i) with respect to the Rolling Stock listed on Schedule III hereto, (ii) at such times as any assignable right, title, or interest is acquired in the future by the Debtor in any other Rolling Stock, and (iii) at such times as any change is made in one or more of the markings or serial numbers on any of the Rolling Stock listed on Schedule III hereto or on any other Rolling Stock owned or leased by the Debtor. The term "Rolling Stock" as used herein means all rolling stock, including, but not limited to, locomotives, cabooses, bulkhead flat cars, boxcars, woodrack cars, open top hopper cars, covered hopper cars, gondolas, and all other rail cars.

(c) Location of Chief Executive Office, Etc. The Debtor represents to the Secured Party that the location of the Debtor's chief executive office and the location where the books and records of the Debtor are kept is at 101 International Way, Missoula, Montana 59802, and that the Debtor's registered office is at 101 International Way, Missoula, Montana 59802. The Debtor further represents that attached hereto as Schedule IV is a true and correct list of all localities where property comprising a part of the Collateral (other than interests in real property set forth in Schedule II) is located. The Debtor agrees that it will not change the location of its chief executive office or the location where its books and records are kept or the location of its registered office without the express written consent of the Secured Party and will advise the Secured Party as to any change in the location of any property comprising a part of the Collateral.

(d) Ownership of Collateral.

(i) The Debtor represents and warrants that it is the sole owner of the Collateral and that there are no liens, security interests, or encumbrances of any kind against the Collateral, except Permitted Liens (as that term is defined in the Credit Agreement).

(ii) Except for the security interest herein granted and except

for Permitted Liens, the Debtor shall be the owner of the Collateral free of any lien, security interest, or encumbrance, and the Debtor shall defend the same against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Secured Party. Except as otherwise permitted in Section 6.03 of the Credit Agreement, the Debtor shall not pledge, mortgage, create, or suffer to exist a security interest in the Collateral in favor of any person other than the Secured Party.

(e) Sale or Disposition of Collateral. Except as permitted by Section 6.06 of the Credit Agreement, the Debtor will not sell or offer to sell or otherwise transfer the Collateral or any interest therein.

(f) Insurance. The Debtor shall have and maintain at all times with respect to the Collateral such insurance as is required by Section 5.09 of the Credit Agreement. In addition, the carrier, amount, and form of the insurance policy or policies are subject to approval by the Secured Party. The policy or policies shall cover the Secured Party and the Debtor for fire, theft, total or partial destruction of the Collateral, and any other hazard that the Secured Party specifies. All policies of insurance shall provide for ten (10) days' written minimum cancellation notice to the Secured Party. In the event of failure to provide and maintain insurance as herein provided, the Secured Party may, at its option, provide such insurance, and the Debtor hereby promises to pay to the Secured Party on demand the amount of any disbursements made by the Secured Party for such purpose. The Secured Party shall hold the policies until all Obligations secured hereunder are paid in full. The Secured Party may, at its option, act as attorney for the Debtor in obtaining, adjusting, settling, and cancelling such insurance and endorsing any drafts; and any amounts collected or received under any such policies shall be applied by the Secured Party to the Obligations in accordance with the provisions of Section 3 hereof, or, at the option of the Secured Party, the same may be released to the Debtor, but such application or release shall not cure or waive any default hereunder and no amount so released shall be deemed a payment on any Obligation secured hereby.

(g) Maintenance of Collateral. The Debtor will keep the Collateral in good order and repair for its intended use and will take all other actions reasonably necessary to preserve the value of the Collateral. The Debtor will register, use, operate, and control the Collateral in accordance with all applicable laws, and will not use the same, nor allow it to be used, in violation of any law or any policy of insurance thereon. The Secured Party may inspect the Collateral at any reasonable time, wherever located. Except as otherwise provided in Section 5.07 of the Credit Agreement, the Debtor will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this Security Agreement. In its discretion, the Secured Party may discharge taxes and other encumbrances at any time levied or placed on the Collateral that remain unpaid in violation of Section 5.07 or Section 6.03 of the Credit Agreement, make repairs thereof, and pay any necessary filing fees. The Debtor agrees to reimburse the Secured Party on demand

for any and all expenditures so made; and, until paid, the amount thereof shall be a debt secured by the Collateral. The Secured Party shall have no obligation to the Debtor to make any such expenditures, nor shall the making thereof relieve the Debtor of any default.

(h) Further Assurances by the Debtor. The Debtor agrees to execute and deliver to the Secured Party from time to time at its request all documents and instruments, including financing statements, supplemental security agreements, notices of assignments under the United States Assignment of Claims Act and under similar or local statutes and regulations, and to take all action as the Secured Party may reasonably deem necessary or proper to perfect or otherwise protect the security interest and lien created hereby.

SECTION 5. Power of Attorney. The Debtor acknowledges the Secured Party's right, to the extent permitted by applicable law, singly to execute and file financing statements without execution by the Debtor.

SECTION 6. Securities as Collateral. The Secured Party may at any time, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon, and hold such income as additional Collateral or apply it to the Obligations. Regardless of the adequacy of the Collateral or any other security for the Obligations, any deposits or other sums credited by or due from the Secured Party to the Debtor may at any time be applied to or set off against any of the Obligations. The amount of any such set-off shall be applied as provided in Section 3 hereof.

SECTION 7. Events of Default. Each of the following constitutes an event of default hereunder:

(a) The occurrence of an Event of Default under the Credit Agreement; or

(b) The Debtor shall fail to perform or observe any covenant or agreement on its part to be performed or observed under this Security Agreement; or

(c) Any representation or warranty of the Debtor contained herein or in any agreement, certificate, report, opinion, letter, or notice delivered or to be delivered by the Debtor pursuant hereto shall prove to have been incorrect or misleading in any material respect when made.

SECTION 8. Remedies.

(a) If the Debtor fails to perform any covenant as required by Section 4 hereof, the Secured Party may: perform any such covenant on behalf of the Debtor; demand immediate reimbursement for all sums or obligations that the Secured Party pays or incurs in protecting the



Collateral or in enforcing the terms of the Notes or this Security Agreement; and either add the cost of the reimbursement to the Notes, or declare an immediate default under the Notes or under this Security Agreement, or sue separately for the cost of the reimbursement if the Debtor fails to reimburse the Secured Party promptly.

(b) Upon the occurrence of an event of default hereunder, the Secured Party shall have the right to do any or all of the following, at its option:

(i) Accelerate the maturity of any obligation in the Notes or in this Security Agreement;

(ii) Require the Debtor to assemble the Collateral, or any portion thereof, and make it available at a reasonably convenient location chosen by the Secured Party;

(iii) Sell at public or private sale or otherwise realize upon the Collateral, or any part thereof, at a location chosen by the Secured Party, without (to the fullest extent permitted by law) demand of performance or advertisement or notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever, all of which are hereby expressly waived to the fullest extent permitted by law; provided that the Secured Party shall give the Debtor at least five Banking Days' (as that term is defined in the Credit Agreement) notice of the time and place of any proposed sale or other disposition. If notice of any sale or other disposition is required by law to be given to the Debtor, the Debtor hereby agrees that a notice given as hereinbefore provided shall be reasonable notice of such sale or other disposition. The Debtor also agrees to assemble the Collateral at such place or places as the Secured Party reasonably designates by written notice. At any such sale or other disposition, the Secured Party may itself purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of the Debtor, which right is hereby waived and released to the fullest extent permitted by law;

(iv) Enter upon the premises of the Debtor, exclude the Debtor therefrom, and take immediate possession of the Collateral, either personally or by means of a receiver appointed by a court therefor, using all necessary force to do so, and may, at its option, use, operate, manage, and control the Collateral in any lawful manner and may collect and receive all rents, income, revenue, earnings, issues, and profits therefrom, and may maintain, repair, renovate, alter, or remove the Collateral as the Secured Party may determine in its discretion, and any such monies so collected or received by the Secured Party shall be applied to, or may be accumulated for application upon, the Obligations in accordance with Section 3 of this Agreement;

(v) Take any other action allowable under, and pursue any rights or remedies given it by, (A) any instrument or other agreement

evidencing, or executed and delivered in connection with, any of the Obligations and otherwise allowed by law, including without limitation the rights and remedies granted under the Notes and this Security Agreement, or (B) the Uniform Commercial Code as enacted in any jurisdiction in which the Collateral may be located, or (C) the Uniform Commercial Code of California, or (D) the Interstate Commerce Act of 1887, as amended.

(c) The Secured Party agrees that it will give notice to the Debtor of any enforcement action taken by it pursuant to this Section 8 promptly after commencing such action.

SECTION 9. Marshalling. The Secured Party shall not be required to marshal any present or future security for (including but not limited to this Agreement and the Collateral subject to the security interest created hereby), or guaranties of, the Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of its rights hereunder and in respect of such securities and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Debtor hereby agrees that it will not invoke any law relating to the marshalling of collateral that might cause delay in or impede the enforcement of the Secured Party's rights under this Agreement or under any other instrument evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or guaranteed, and to the extent that it lawfully may, the Debtor hereby irrevocably waives the benefits of all such laws.

SECTION 10. Debtor's Obligations Not Affected. To the extent permitted by law, the obligations of the Debtor under this Security Agreement shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation, or the like of the Debtor, to the extent permitted by law; (b) any exercise or nonexercise, or any waiver, by the Secured Party of any right, remedy, power, or privilege under or in respect of any of the Obligations or any security therefor (including this Security Agreement); (c) any amendment to or modification of this Security Agreement or any instrument evidencing any of the Obligations or pursuant to which any of them were issued; (d) any amendment to or modification of any instrument or agreement (other than this Security Agreement) securing any of the Obligations; or (e) the taking of additional security for or any guaranty of any of the Obligations or the release or discharge or termination of any security or any guaranty for any of the Obligations; whether or not the Debtor shall have notice or knowledge of any of the foregoing.

SECTION 11. No Waiver. No failure on the part of the Secured Party to exercise, and no delay in exercising, any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Secured Party of any right, remedy, or power hereunder preclude any other or future exercise of any other right, remedy, or power. Each and every

right, remedy, and power hereby granted to the Secured Party or allowed by law or other agreement, including, without limitation, the Credit Agreement, the Notes, or any other security document, shall be cumulative and not exclusive of any other, and, subject to the provisions of this Security Agreement, may be exercised by the Secured Party from time to time.

SECTION 12. Expenses. The Debtor agrees to pay, on demand, all reasonable costs and expenses (including reasonable attorneys' fees and expenses for legal services of every kind, including without limitation the allocated cost of staff counsel) of the Secured Party incidental to the sale of, or realization upon, any of the Collateral or in any way relating to the perfection, enforcement, or protection of the rights of the Secured Party hereunder; and the Secured Party may at any time apply to the payment of all such costs and expenses all monies of the Debtor or other proceeds arising from its possession or disposition of all or any portion of the Collateral.

SECTION 13. Consents, Amendments, Waivers, etc. Any term of this Security Agreement may be amended, and the performance or observance by the Debtor of any term of this Security Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument signed by the Debtor and the Secured Party.

SECTION 14. Governing Law. Except as otherwise required by the laws of any jurisdiction in which any Collateral is located, this Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 15. Parties in Interest. All terms of this Security Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, provided that the Debtor may not assign or transfer its rights hereunder without the prior written consent of the Secured Party.

SECTION 16. Counterparts. This Security Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

SECTION 17. Termination. Upon payment in full of the Obligations in accordance with their terms, this Security Agreement shall terminate, and the Debtor shall be entitled to the return, at the Debtor's expense, of such Collateral in the possession or control of the Secured Party as has not theretofore been disposed of pursuant to the provisions hereof.

**SECTION 18. Notices.** Except as otherwise expressly provided herein, all notices and other communications made or required to be given pursuant to this Security Agreement may be given by mailing the same, by registered or certified mail, return receipt requested, postage pre-paid, or sent by telex, telegraph, or cable, addressed as follows:

(a) if to the Debtor at:

101 International Way  
Missoula, Montana 59802

or at such other address for notice as the Debtor shall last have furnished in writing to the Secured Party;

(b) if to the Secured Party at:

Payment Services Operations #5693  
1850 Gateway Boulevard  
Concord, California 94520  
Attention: Atlanta Corporate Office  
Account Administrator  
Telex: 34346

With a copy of each notice to:

Bank of America National Trust  
and Savings Association  
Atlanta Corporate Office  
230 Peachtree Street, N.W., Suite 1700  
Atlanta, Georgia 30303  
Telex: 804345 or 804562

or at such other address for notice as the Secured Party shall last have furnished in writing to the person giving the notice.

Any such notice or communication shall be deemed to have been duly given or made and to have become effective (a) if delivered by hand to a responsible officer of the party to which it is directed, at time of the receipt thereof by such officer, (b) if sent by first-class mail, postage pre-paid, the earlier of five business days after the posting thereof or receipt, if received on a business day, or if received on a day which is not a business day, the next business day following receipt.

**SECTION 19. Section Headings.** Section headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Security Agreement.

**SECTION 20. Severability.** The illegality or unenforceability of any provision of this Security Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of

the remaining provisions of this Security Agreement or any instrument or agreement required hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as of the date first written above.

MONTANA RAIL LINK, INC.

By: 

Title: VP

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION

By: 

Title: Vice President

VERIFICATION

State of Montana

County of Missoula

On this 6 day of December, 1988, before me personally appeared Dorn Parkinson, to me personally known, who being by me duly sworn, says that he is the Vice President of Montana Rail Link, Inc., that he executed the foregoing Security Agreement on October 30, 1987, on behalf of said corporation by authority of its Board of Directors, and that the execution of said Security Agreement was the free act and deed of said corporation.

Henry B. Miller  
Notary Public

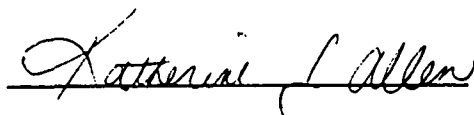
My Commission expires 5/23/90

VERIFICATION

State of Georgia

County of DeKalb

On this 5<sup>th</sup> day of December, 1988, before me personally appeared Dennis M. Kaiser, to me personally known, who being by me duly sworn, says that he is the Vice President of Bank of America National Trust and Savings Association, that he executed the foregoing Security Agreement on October 30, 1987, on behalf of said corporation by authority of its Board of Directors, and that the execution of said Security Agreement was the free act and deed of said corporation.



Notary Public

Notary Public, DeKalb County, Georgia  
My Commission Expires May 19, 1991

My Commission expires \_\_\_\_\_

Schedule I  
Maintenance-of-Way Equipment

*Property 10-1557*  
*LRL-MOW. WRL*

MONTANA RAIL LINK  
PROPERTY AND EQUIPMENT  
M OF W EQUIPMENT (10.1557)

MRL		BN		ADJUSTED	ALLOCATED	LIFE
EQUIP NUMBER	TYPE OF EQUIPMENT	BOOK	ADJUSTMENT	COST	COST	YRS
LAUREL MOW						
	MISC. HAND TOOLS	1,000.00	63.76	1,063.76	951.72	2
	SPREADWING	81,724.00	5,210.86	86,934.86	77,778.50	10
	LOADER	81,782.00	5,214.56	86,996.56	77,833.71	10
	BOB CAT	4,812.00	306.82	5,118.82	4,579.68	10
	JACKSON GENERATOR	1,816.00	115.79	1,931.79	1,728.33	10
TOTAL M OF W EQUIPMENT AT LAUREL				\$10,911.79	\$182,045.79	\$162,871.94



10-1557

Property 10-1557  
MW CARS. WEL

MONTANA RAIL LINK  
PROPERTY AND EQUIPMENT  
MAINTENANCE OF WAY RAIL CARS (10.1557)

THRU THE

10 TH MONTH OF 1988

MRL NUMBER	BN NUMBER	CAR TYPE	COST PER ATTACH. #	ADJUSTED VALUE	(YRS) LIFE	MONTHLY DEPREC. EXPENSE	1987 ACCUM. DEPREC.	YTD 1988 ACCUM. DEPREC.	BOOK VALUE
	BN 968437	UNIVAN	\$14,985.00	\$16,660.69	12	\$115.70	\$231.40	\$1,156.99	\$15,272.30
	BN 968245	UNIVAN	12,489.00	13,885.58	12	96.43	192.86	964.28	12,728.45
	BN 961233	FLAT	983.00	1,092.92	12	7.59	15.18	75.90	1,001.85
	BN 950993	BOX	3,647.00	4,054.83	12	29.16	56.32	281.59	3,716.92
	BN 950825	BOX	3,647.00	4,054.83	12	29.16	56.32	281.59	3,716.92
	BN 961193	FLAT	1,586.00	1,763.35	12	12.25	24.49	122.46	1,616.41
	BN 962263	UNIVAN	10,165.00	11,301.70	12	78.48	156.97	784.84	10,359.89
	BN 968262	UNIVAN	5,554.00	6,175.07	12	42.86	85.76	428.82	5,660.49
	BN 962174	FLAT	3,224.00	3,584.52	12	24.89	49.79	248.93	3,285.81
	BN 951064	BOX	3,188.00	3,544.50	12	24.61	49.23	246.15	3,249.12
	BN 951018	BOX	3,438.00	3,822.45	12	26.54	53.09	265.45	3,503.92
	BN 951258	BOX	3,438.00	3,822.45	12	26.54	53.09	265.45	3,503.92
	BN 968751	CABOOSE/UNIVAN	33,759.00	37,534.09	12	260.65	521.31	2,606.53	34,406.25
	BN 968776	CABOOSE/UNIVAN	14,702.00	16,346.05	12	113.51	227.03	1,135.14	14,983.89
	BN 962168	UNIVAN	3,424.00	3,806.89	12	26.44	52.87	264.37	3,489.65
	BN 950504	BOX	866.00	962.84	12	6.69	13.37	66.96	882.60
	BN 951275	BOX	\$3,647.00	\$4,054.93	12	\$29.16	\$56.32	\$281.59	\$3,716.92
TOTAL M OF W CARS			\$122,742.00	\$136,467.60		\$947.69	\$1,895.38	\$9,476.92	\$125,095.30

SCHEDULE II

[Real Property]

See attached legal descriptions.

OMITTED.

Schedule III  
Rolling Stock

MONTANA RAIL LINK  
OWNED CARS

GST CAR NUMBER

AS MRL 15001  
AS MRL 15002  
AS MRL 15003  
AS MRL 15004  
AS MRL 15005  
AS MRL 15006  
AS MRL 15007  
AS MRL 15008  
AS MRL 15009  
AS MRL 15010  
AS MRL 15011  
AS MRL 15012  
AS MRL 15013  
AS MRL 15014  
AS MRL 15015  
AS MRL 15016  
AS MRL 15017  
AS MRL 15018  
AS MRL 15019  
AS MRL 15020  
AS MRL 15021  
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AS MRL 15041  
AS MRL 15042  
AS MRL 15043  
AS MRL 15044  
AS MRL 15045  
AS MRL 15046  
AS MRL 15047

GST CAR NUMBER

AS MRL 15048  
AS MRL 15049  
AS MRL 15050  
AS MRL 15051  
AS MRL 15052  
AS MRL 15053  
AS MRL 15054  
AS MRL 15055  
AS MRL 15056  
AS MRL 15057  
AS MRL 15058  
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AS MRL 15081  
AS MRL 15082  
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AS MRL 15084  
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AS MRL 15086  
AS MRL 15087  
AS MRL 15088  
AS MRL 15089  
AS MRL 15090  
AS MRL 15091  
AS MRL 15092  
AS MRL 15093  
AS MRL 15094

GST CAR NUMBER

AS MRL 15095  
AS MRL 15096  
AS MRL 15097  
AS MRL 15098  
AS MRL 15099  
AS MRL 15100

MONTANA RAIL LINK  
OWNED CARS

GST CAR NUMBER

WC MRL 35001  
WC MRL 35002  
WC MRL 35003  
WC MRL 35004  
WC MRL 35005  
WC MRL 35006  
WC MRL 35007  
WC MRL 35008  
WC MRL 35009  
WC MRL 35010  
WC MRL 35011  
WC MRL 35012  
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WC MRL 35015  
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WC MRL 35044  
WC MRL 35045  
WC MRL 35046  
WC MRL 35047  
WC MRL 35048  
WC MRL 35049  
WC MRL 35050

GST CAR NUMBER

WC MRL 35052  
WC MRL 35053  
WC MRL 35054  
WC MRL 35055  
WC MRL 35056  
WC MRL 35057  
WC MRL 35058  
WC MRL 35059  
WC MRL 35060  
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WC MRL 35094  
WC MRL 35095  
WC MRL 35096  
WC MRL 35097  
WC MRL 35098  
WC MRL 35099  
WC MRL 35100

GST CAR NUMBER

MONTANA RAIL LINK  
OWNED CARS

GST CAR NUMBER

G1 MRL 40001  
G1 MRL 40002  
G1 MRL 40003  
G1 MRL 40004  
G1 MRL 40005  
G1 MRL 40006  
G1 MRL 40007  
G1 MRL 40008  
G1 MRL 40009  
G1 MRL 40010  
G1 MRL 40011  
G1 MRL 40012  
G1 MRL 40013  
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G1 MRL 40017  
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G1 MRL 40019  
G1 MRL 40020  
G1 MRL 40021  
G1 MRL 40022  
G1 MRL 40023  
G1 MRL 40024  
G1 MRL 40025  
G1 MRL 40026  
G1 MRL 40027  
G1 MRL 40028  
G1 MRL 40029  
G1 MRL 40030

GST CAR NUMBER

GST CAR NUMBER

MONTANA RAIL LINK  
OWNED CARS

GST CAR NUMBER

B3 MRL 20001  
B3 MRL 20002  
B3 MRL 20003  
B3 MRL 20004  
B3 MRL 20005  
B3 MRL 20007  
B3 MRL 20008  
B3 MRL 20009  
B3 MRL 20011  
B3 MRL 20013  
B3 MRL 20020  
B3 MRL 20021  
B3 MRL 20022  
B3 MRL 20023  
B3 MRL 20024  
B3 MRL 20025  
B3 MRL 20026  
B3 MRL 20030  
B3 MRL 20033

GST CAR NUMBER

B3 MRL 25001  
B3 MRL 25002  
B3 MRL 25003  
B3 MRL 25004  
B3 MRL 25005  
B3 MRL 25006  
B3 MRL 25007  
B3 MRL 25008  
B3 MRL 25009  
B3 MRL 25010  
B3 MRL 25011  
B3 MRL 25012  
B3 MRL 25013  
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B3 MRL 25028  
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B3 MRL 25030  
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B3 MRL 25032  
B3 MRL 25033  
B3 MRL 25034  
B3 MRL 25035  
B3 MRL 25036  
B3 MRL 25037  
B3 MRL 25038

GST CAR NUMBER

B3 MRL 25039  
B3 MRL 25040  
B3 MRL 25041  
B3 MRL 25042  
B3 MRL 25043  
B3 MRL 25044  
B3 MRL 25045  
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B3 MRL 25069  
B3 MRL 25070  
B3 MRL 25071  
B3 MRL 25072  
B3 MRL 25073  
B3 MRL 25074

MONTANA RAIL LINK  
OWNED CARS

GST CAR NUMBER

B3 MRL 30001  
B3 MRL 30002  
B3 MRL 30003  
B3 MRL 30004  
B3 MRL 30005  
B3 MRL 30006  
B3 MRL 30007  
B3 MRL 30008  
B3 MRL 30009  
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B3 MRL 30037  
B3 MRL 30038  
B3 MRL 30039  
B3 MRL 30040

GST CAR NUMBER

B3 MRL 30041  
B3 MRL 30042  
B3 MRL 30043  
B3 MRL 30044  
B3 MRL 30045  
B3 MRL 30046  
B3 MRL 30047  
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BE MRL 30067  
BE MRL 30068  
BE MRL 30069  
BE MRL 30070  
BE MRL 30071  
BE MRL 30072  
BE MRL 30073  
B3 MRL 30074  
B3 MRL 30075  
B3 MRL 30076  
B3 MRL 30077  
B3 MRL 30078  
B3 MRL 30079  
B3 MRL 30080

GST CAR NUMBER

B3 MRL 30081  
B3 MRL 30082  
B3 MRL 30083  
B3 MRL 30084  
B3 MRL 30085  
B3 MRL 30086  
B3 MRL 30087  
B3 MRL 30088  
B3 MRL 30089  
B3 MRL 30090  
B3 MRL 30091

MONTANA RAIL LINK  
OWNED CARS

GST CAR NUMBER

C6 MRL 45001  
C6 MRL 45002  
C6 MRL 45003  
C6 MRL 45004  
C6 MRL 45005  
C6 MRL 45006  
C6 MRL 45007  
C6 MRL 45008  
C6 MRL 45009  
C6 MRL 45010  
C6 MRL 45011  
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C6 MRL 45040  
C6 MRL 45041

GST CAR NUMBER

C6 MRL 45042  
C6 MRL 45043  
C6 MRL 45044  
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C6 MRL 50001  
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C6 MRL 50029

GST CAR NUMBER

C6 MRL 50030  
C6 MRL 50031  
C6 MRL 50032  
C6 MRL 50033  
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C6 MRL 50069  
C6 MRL 50070

GST CAR NUMBER

C6 MRL 50071  
C6 MRL 50072  
C6 MRL 50073  
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C6 MRL 50098  
C6 MRL 50099  
C6 MRL 50100



# MONTANA RAIL LINK

## OWNED CARS

### MRL WORK CARS

MRL 100329  
MRL 100401  
MRL 100328  
MRL 100413  
MRL 100521  
MRL 100538  
MRL 100407  
MRL 100653  
MRL 100824  
MRL 100822  
MRL 100422  
MRL 100751  
MRL 100755  
MRL 950461  
MRL 100987  
MRL 100178  
MRL 100342  
MRL 100153  
MRL 100193 FLAT  
MRL 100233 FLAT  
MRL 100245 UNIVAN  
MRL 100439 UNIVAN  
MRL 100825 BOX  
MRL 100983 BOX  
MRL 100263 UNIVAN  
MRL 100018 BOX  
MRL 100064 BOX  
MRL 100168 UNIVAN  
MRL 100174 FLAT  
MRL 100258 BOX  
MRL 100262 UNIVAN  
MRL 100504 BOX  
MRL 100275 BOX  
MRL 100752  
MRL 100011  
MRL 100418

### MRL CABOSES

MRL 10270  
MRL 10159  
MRL 10329  
MRL 155  
MRL 10131  
MRL 10268  
MRL 10345  
MRL 10117  
MRL 10236  
MRL 10277

### MISC MRL CARS

MRL 256  
MRL 100301 LOCAL CRANE  
MRL 100411 LOCAL CRANE  
MRL 100652 JORDAN SPREADER

### LOG FLATS

MRL 60001  
MRL 60002  
MRL 60003  
MRL 60004  
MRL 60005  
MRL 60006  
MRL 60007  
MRL 60008  
MRL 000001  
MRL 000002  
MRL 60021  
MRL 60022  
MRL 60023  
MRL 60024  
MRL 60025

### AIR DUMPS

MRL 100990  
MRL 100993  
MRL 100991  
MRL 100992  
MRL 100994

SCHEDULE IV

[Location of Collateral]

Montana Counties:

Broadwater  
Gallatin  
Granite  
Jefferson  
Lake  
Lewis & Clark  
Madison  
Mineral  
Missoula  
Park  
Powell  
Ravalli  
Sanders  
Silver Bow  
Stillwater  
Sweet Grass  
Yellowstone

Idaho Counties:

Bonner  
Kootenai  
Shoshone

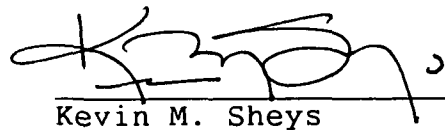
Washington Counties:

Spokane

CERTIFICATION

Pursuant to 49 C.F.R. § 1177.3(b), I hereby certify that I have examined and compared the attached copy of the Security Agreement by and between Montana Rail Link, Inc., and Bank of America National Trust and Savings Association and the original executed Security Agreement, and that said copy is a complete and identical copy in all respects of the original Security Agreement.

Dated: December 12, 1988

  
Kevin M. Sheys

KMS/cab/0317P/7985